

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
February 14, 2006  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Tuesday, February 14, 2006 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3<sup>rd</sup> floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, Eugene Winkler and James Sullivan.

At 10:23 A.M. Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Pending Litigation;**
3. **Investigations concerning applicants and licensees; and**
4. **Closed Session Minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

The Board convened its Open session at 1:43 P.M. pursuant to motion.

Approval of Minutes

Member Gardner moved that **the Board approve the closed and open session minutes of its Special Meeting of December 20, 2005 and its Regular Meeting of January 3, 2006.** Member Winkler seconded the motion. The Board approved the motion unanimously by role call.

Member Winkler commented on the Harrah's Metropolis annual update in reference to the diversity of staff. Member Winkler stated that diversity has changed for the worse. He also stated that the Social Investment strategy and the charitable contributions need to be addressed.

Member Gardner stated that by the next meeting the Board needs to see a concentric circle analysis.

## Administrator's Report

Administrator Ostrowski stated that there will be a General Manager's Meeting on February 15, 2006. Administrator Ostrowski stated that there are several gaming issues, and that everyone has an agenda.

## OWNERS LICENSEE ITEMS

### Penn National – Empress/Alton Belle Update

Kevin DeSanctis, President of Penn National addressed the Board. He referenced the Penn Argosy merger and stated that they were given until December 31, 2006 to sell the Argosy Joliet and Alton properties. Mr. DeSanctis requested an extension of time to sell. A sale in the existing market conditions would yield an extremely unfavorable result to their shareholders. The two primary contributing factors are potential legislation and a limited pool of qualified buyers. There are three pieces of potential legislation that if passed would have a direct impact on this transaction; HB 1920, HB 4813 and HB 4338. House Bill 1920 is the most significant. If passed it would completely repeal riverboat gaming in Illinois on July 1, 2007. HB 4813 is a proposal to place a \$1.5M tax specifically on the Joliet boats. Passage would reduce property value. HB 4338 is a proposal to end smoking in all public places. This proposal, which may be great public policy, serves to hinder Penn's situation. Comments from other public companies and industry analysts have expressed concern that this legislation could have a negative impact on our business. The cumulative effect of these three pieces of legislation is significant and to market into this environment would result in a disastrous net sales price. The pool of qualified buyers is limited. The issues are in part the result of industry consolidation.

The repairs and maintenance expenditures will be ensured so that these properties maintain their competitiveness in the market place.

The Chairman stated that he has heard that the properties are not maintained as they should. Kevin DeSanctis stated the each property spends about a \$1M a year on just normal repairs and maintenance. He also stated that a quality assurance inspection happens twice a year. Each boat is inspected on certain criteria, clean, safe, well maintained and fully functional. He also stated that in terms of the \$7M Penn can give very specific lists of expenditures that will be made which were created by the properties themselves and will be given to Mr. Ostrowski to keep the Board informed. The Chairman stated that the Board would like the information by the March 6, 2006 meeting. Mr. DeSanctis stated that the information would be brought to the GM meeting on Wednesday.

Member Gardner commented that it is not in the best interest of Penn to let these properties run down. Mr. DeSanctis commented that they have no interest in letting these properties get run down. He went on to state that Penn continues to maintain both properties.

Member Gardner stated that the Board received a letter stating that Penn had actually hired Merrill Lynch. Mr. DeSanctis stated that the electronic data room will be ready in about two weeks. Member Gardner stated that the numbers don't quite add up; they seem to be a little

inconsistent. Member Gardner also stated that an extension to 2007 would be more probable rather than a two year extension. Member Gardner also asked about the proposed legislation that Penn had. Attorney Cid Froelich stated that Penn's bill was not formally submitted. Member Gardner asked if Penn had intended to submit it with the independence bill, also stating that the independence bill was not the Gaming Board's bill. If more gaming positions were to be added in the future why wouldn't new positions be added and new approved positions to the numerator and the denominator. Mr. Froelich stated that Penn felt that the legislative body would look at it and say this is the beginning of the expansion of gaming as opposed to this is for one specific situation that doesn't impact the future. Penn felt that the legislature would react poorly to it even though it wasn't the expansion of gaming. Mr. Froelich stated that the big problem that they are facing is the unpredictability of those three pieces of legislation and their impact.

### OWNERS LICENSEES ITEMS

Donna More addressed the Board and requested a waiver of the two meeting rule to facilitate Rock Island's expansion plan and approval of a financial services agreement.

Administrator Ostrowski stated that the Board looked at Rock Island's original request back in October and considered that as the first meeting. The Board is prepared to take up the request today.

Member Gardner stated that the Board is not waiving the two meeting rule. This is actually the second meeting.

Donna More introduced Jim Jumar, Ron Wicks and John Elias.

Member Gardner asked about transfer of the ultimate ownership pursuant to the agreement involving RICDC. Mr. Elias stated that ultimate ownership will be with RICDC. Mr. Elias stated that transfer of ownership will become effective with the merger of the existing gaming company into RICDC. Member Gardner stated that it was unclear if the development agreement was actually approved in 2004. Member Gardner also stated that the Board and staff think that it should be approved, just as they are approving the renovation agreement and other agreements. The Board would like to take them under advisement at the March 6, 2006 meeting and ask any questions that it may have on the agreement.

Based on staff's investigation and recommendation, and the Board's determination that Casino Rock Island has met the two meeting requirement, Member Sullivan moved that **the Board approve the December 11, 2005 Agreement between Rock Island Casino Development Company LLC and Innovation Capital, LLC of which The Rock Island Boatworks, Inc. is a Third Party Beneficiary as well as the First Amendment And Consent To Letter Agreement dated January 25, 2006 between Rock Island Casino Development Company LLC, Innovation Capital, LLC and The Rock Island Boatworks, Inc.**

Further, based on staff's investigation and recommendations, Member Sullivan moved that **the Board approve, pursuant to Rule 3000.235, the transfer of all shares of stock in The Rock**

**Island Boatworks, Inc. to Rock Island Boatworks Holding Company, LLC.** Member Gardner seconded the motion. The Board approved the motion unanimously by role call.

#### OCCUPATIONAL LICENSES APPROVAL & DENIALS – LEVEL 2's & 3's

Michael Fries, Chief Legal Counsel, recommended that 32 applications for license Level 2 and 183 applications for Occupational License Level 3 be approved. Chief Counsel Fries also requested that the Board issue Notices of Denial to five individuals, four occupational level 3's and one level 2. Those individuals being Benny Joe Belvin, Keith Evans, Angela Ellis, Tisha Lee and Mimi Yung.

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 32 applications for an Occupational License, Level 2, and 183 applications for an Occupational License, Level 3.**

Further, Member Winkler moved that **the Board direct the Administrator to issue Notices of Denial to the following five applicants for occupational licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

- 1. Benny Joe Belvin;**
- 2. Keith Evans;**
- 3. Angela Ellis;**
- 4. Tisha Lee; and**
- 5. Mimi Yung**

Member Moore seconded the motion. The Board approved the motion unanimously by role call.

#### PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

Chief Counsel Fries stated that there are two revocations that staff is seeking today. Both are occupational license level 3 individuals and both have to do with the taking of tips. The first one is an individual by the name of Curtis A. Phillips. Mr. Phillips worked as a valet parker at Harrah's Joliet Casino. Mr. Phillips was the employee responsible for distributing tips received by the valet workers and coat check individuals on January 5, 2006. On that date, Mr. Phillips did not evenly distribute the tips collected and kept a greater portion for himself that was caught on tape. Mr. Phillips admitted that he took tips from the tip pool both in writing and orally to the IGB and to his employer.

The other complaint has to do with an individual by the name of Ricky Dominguez, an occupational license level 3. Mr. Dominguez worked as a cage cashier at the Hollywood Casino. On three different occasions between August and October of 2005, Mr. Dominguez was either caught on tape or admitted to stealing money from the cashier cage cart totaling \$900 on one occasion, \$5,000 on another occasion and \$1,200 on a third occasion. Mr. Dominguez also provided a written statement to the IGB and to his employer admitting to those thefts.

- Curtis A. Phillips

Based on the staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Curtis A. Phillips, a Level 3 Occupational Licensee, based on just cause for his failure to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to his theft of monies from the tip pool on January 5, 2006.**

Further, Member Moore moved that **the Board revoke Mr. Phillips' Occupational License. Said action to take affect twenty-one (21) days from the date of service of this Complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by role call.

- Rickey Dominguez

Based on the staff's investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Rickey Dominguez, a Level 3 Occupational Licensee, for failing to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to his admitted thefts from his employer, Hollywood Casino.**

Further, Member Moore moved that **the Board revoke Mr. Dominguez's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by role call.

#### PUBLIC COMMENTARY

Rev. Glenn Stewart, Greater Waukegan Ministerial Association and United Ministries for Christ addressed the Board. Rev. Stewart stated that he along with his congregation and 150 other congregations of the Waukegan area are against any casino coming into the Waukegan area. Rev. Stewart stated that 12,000 people in the area that are poverty stricken will most likely be the ones to suffer the most if a casino is allowed into the area. Rev. Stewart stated that casino gambling does not lead people into the promised land of economic stability.

Gary Grasso, from Grasso Dunleavy addressed the Board to introduce the Mayor of Robbins, Irene Brody. Mayor Brody addressed the Board and went on to request the opportunity of obtaining the 10<sup>th</sup> license. Mayor Brody stated that the community of Robbins is in economic need of the 10<sup>th</sup> gambling license. Mayor Brody stated that she is the representative of the Southland Group who bid on the 10<sup>th</sup> license 2 years ago in Country Club Hills when bidding was underway. She went on to state that the area is still interested in the 10<sup>th</sup> license, in which there are thirteen municipalities which are some of the poorest communities in the United States. She also went on to state that school districts in the area are very much in need of funding. Mayor Brody stated that over \$800M of revenue is lost annually to the State of Indiana from casino gambling. Mayor Brody went on to state that their proposal would include a water park, shopping areas and revenue sharing with Southland communities. She stated that the intent of the Riverboat Gambling Act is to provide economic development for areas which have lost industry,

lost manufacturing and commercial industries as well as jobs. Chairman Jaffe explained the procedure for requesting to speak at the Board meeting during public commentary.

Member Gardner asked Mayor Brody for her source as to the \$800M in gaming revenue going to Indiana. Member Gardner stated that the total amount in gaming revenue in the State of Illinois is only \$1.7B. Member Gardner stated that the amount Mayor Brody gave is half of the total revenue for the State of Illinois. Mr. Grasso stated that he would have information about the \$800M figure delivered to the Board. Member Gardner also commented on Mayor Brody's statement that this proposal would end the litigation. Member Gardner stated that if this is in reference to Rosemont and if Mayor Brody could bring them aboard he too could be persuaded by that.

Chief Legal Counsel Fries stated that clarification needed to be made for the record on the vote for the revocations of Mr. Phillips and Mr. Dominguez. The Board read both motions but took one vote and for clarification for the record both motions have been read, but a separate vote needs to be taken for each individual. Chief Counsel Fries retook the vote for Mr. Phillips. The Board approved the motion unanimously by roll call vote. Chief Counsel Fries retook the vote for Mr. Dominguez. The Board approved the motion unanimously by roll call vote.

At 2:35 p.m. Member Winkler moved to adjourn. Member Gardner seconded the motion. The motion passed unanimously by roll call vote.

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator